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**PUBLIC ASSISTANCE  
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COOPERATIVES**

U.S. DEPARTMENT OF AGRICULTURE • PA-751

**FORESTRY COOPERATIVES  
HELP DEVELOP RURAL AREAS  
AND BRING MORE INCOME  
OPPORTUNITIES TO  
THE PEOPLE**





## WHY COOPERATIVES?

Cooperatives are business organizations set up to market products or obtain supplies and services on a cost-of-doing-business basis. They provide a way for individuals to pool their efforts and funds to obtain manpower, equipment, and facilities at a reasonable cost.

By pooling sales, producers can better serve the quantity and quality needs of buyers.

By pooling orders, producers can obtain quantity discounts on supplies and equipment.

By purchasing services as a group, members can obtain credit, health insurance, fire insurance, and other types of services tailor-made to their needs.

Opportunities exist in many areas for cooperative organizations in forestry. The possibilities include all phases of forest management and forest products utilization—from land management planning and production of forest products and services to manufacturing and selling at retail.

## COOPERATIVE EFFORTS IN FORESTRY

Some cooperatives have forestry as their sole or primary business. For others forestry activities are a sideline. The type of organization best suited to a given situation will depend on the joint needs of the individual members.

To serve local needs all possible business arrangements should be considered. Whether existing cooperatives might add forestry activities should also be considered. To be successful a cooperative venture must have the full support of local people.

Forestry cooperatives organized for specific purposes can generally be classified into four main categories. They are—



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**1. Management cooperatives—**manage privately owned forest properties. These require the services of a forester or foresters. To the extent feasible, they should manage all forest resources including timber, water, forage, recreation, wildlife, natural beauty, and special forest products.



**2. Marketing cooperatives—**provide sales outlets for forest products and services. They furnish buyers a dependable supply of standard quality products. They need an experienced business manager.



**3. Processing cooperatives—**provide central processing facilities for local forest products. They need an experienced manager. They must have adequate funds and sufficient raw materials.



**4. Purchasing cooperatives—**provide a central purchasing service. They can obtain specialized, high-cost equipment that individual members could not afford. They help reduce production and harvesting costs.

One cooperative may provide any or all of the four services mentioned above.



# ASSISTANCE to COOPERATIVES

**SOURCE OF ASSISTANCE**—State Advisory Groups on Forestry Cooperatives have been established in many States to assist in organizing and operating forestry cooperatives. These can be contacted through State Foresters, State Extension Directors, State Farmers Home Administration Directors, County Extension offices, Soil Conservation District offices, local FHA offices, or Rural Areas Development Committees. If an Advisory Group on Forestry Cooperatives has not been established in your State, address an inquiry to: Chairman, USDA Committee on Forestry Cooperatives, Forest Service, Washington, D.C. 20250. He will tell you where you can obtain assistance.

**TYPES OF ASSISTANCE**—State Advisory Groups on Forestry Cooperatives, or sources designated by the Chairman, can provide or obtain the following types of assistance.

# 1

## SITUATION STUDY

Groups considering formation of a forestry cooperative should have a preliminary situation study made. This will determine the community's capacity for growth, the local forestry and forest products potential, attitudes of local people and industries, and sponsorship prospects.

# 2

## FEASIBILITY STUDY

A feasibility study is also needed to determine the potential supply of forest products; present and potential markets; plant, equipment, and transportation requirements; the availability of labor, capital, and management; and probable costs and returns.

# 3

## ORGANIZATIONAL HELP

From the outset, groups planning to form a cooperative or association should have technical advice from someone experienced in cooperative organization and operation. They should also have legal counsel. Sound operating policies and procedures must be developed. The articles of incorporation and bylaws must reflect situation and feasibility survey findings and be consistent with the State laws under which the organization is to be incorporated.

## 4

### **FORESTRY HELP**

A professional forester will be needed to assist with the technical aspects of forestry cooperatives. In some cases, a cooperative will need one or more foresters on a full-time basis. In other cases, part-time forestry help will suffice. Limited assistance is available without cost from State Foresters and other public agencies. Consulting foresters provide expert services for a fee.

## 5

### **FINANCIAL GUIDANCE**

Financial stability is a key element in the success of a forestry cooperative. Adequate capital must be available for development, operation, and expansion. Loans for forestry purposes and for cooperatives are available through Farmers Home Administration, Banks for Cooperatives, Small Business Administration, Economic Development Administration, and other public and private sources.

## 6

### **COST-SHARING GUIDANCE**

The U.S. Department of Agriculture has several cost-sharing programs available to private woodland owners. One is the Agricultural Conservation Program. Cost-sharing can be a big help in placing forest land under proper management. County Agricultural Stabilization and Conservation Committees administer these programs.



# TIPS FOR ORGANIZING SUCCESSFUL FORESTRY COOPERATIVES

Certain basic factors are essential to the success of any forestry association or cooperative. Groups organizing such an enterprise should determine that:

- A real need exists.
- The community has capacity for economic growth.
- Local forest resources are adequate.
- Financial backing is adequate for development and operation.
- Attitudes of local people and industries toward cooperatives are favorable.
- A suitable sponsor and a qualified manager are available.
- An adequate feasibility study has been made.
- Legal counsel is available.

State Advisory Groups on Forestry Cooperatives work with Rural Areas Development Committees; Technical Action Panels; and Federal, State, and local agencies. They stand ready to help organize and advise forestry associations of all types.

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